

December 2006

Elizabeth A. Jones, Chairman ★ Michael L. Williams, Commissioner ★ Victor G. Carrillo, Commissioner

IN THIS ISSUE

- **Feature Article: Claiming the Federal Motor Fuel Tax-Credit on Bulk Purchases and Forklifts**
- Managers' Classes Draw Crowds, Praise
- Homebuilder Partnership Renewed
- Training Update
- Lower Price for LPG Safety Rule Books
- Proposed Amendments to Training and Exam Rules
- Regulatory Update: U.S. DOT Special Permits
- Propane Pointers: Fixed Electrical Equipment and Wiring



Homebuilder Partnership Renewed

FY 2007 as of 12-06-06

REBATE TYPE	REBATE AMOUNT	PAID	PENDING
Water heater--new construction	\$150	\$83,850	\$13,950
Water heater--electric replacement	\$300	\$12,600	\$2,100
Propane Star Home	\$550	\$34,650	\$8,250
Propane SuperStar Home	\$750	\$32,250	\$5,250
TOTAL CONSUMER REBATES		\$163,350	\$29,550

Managers' Classes Draw Crowds, Praise

AFRED's popular Regulatory Compliance Update class drew 23 owners and managers from 13 companies in Harlingen and 33 owners and managers from 15 different companies in San Angelo.

Response from marketers was excellent in both locations. "Great job," applauded Concho Propane's Cary Tomerlin. "Very good information. I hope AFRED brings all of the same speakers together again next year," commented George Dial, West Texas Fuels. "AFRED is taking this program out to the marketers, and inviting local inspectors from most of the agencies that impact us," explained AFRED Advisory Committee Chair Jacinto Briseno, All American Propane. "We're already planning for additional speakers for next year, based on marketer feedback." Former Advisory Committee member John Walter of Schneider Distributing summed it up: "I plan to be back next year. Thanks, AFRED!"

On the recommendation of the Advisory Committee, AFRED has renewed its partnership with the Texas Association of Builders (TAB) for an expanded program in 2007. AFRED will give presentations about propane's advantages at 25 (TAB) training seminars this spring. The seminars will focus on the new requirements for builders who want to apply for the energy tax credits under the Energy Policy Act. These tax credits are very popular with Texas builders, and TAB anticipates double the attendance of last year's seminar series. In addition, the partnership includes:

- Invitations for AFRED staff and a propane industry expert to attend all local homebuilder association events.
- A Railroad Commission-authored article in Texas Builder magazine.
- TAB mailing of the Propane Insider – Builder Edition, which will highlight information of interest to propane builders, such as new construction rebate amounts, underground tank regulations, etc.
- Propane Builder Award recognition as part of TAB's convention.

AFRED will also work with local homebuilder associations to present a new propane technology, such as residential generators, tankless water heaters or underground tanks, at the local TAB monthly luncheons.

Evaluation—Success will be measured by the number of contacts made at homebuilder association events, the number of new Propane Star Builders listed on AFRED's web site, and the number of new-home leads developed from the program.

If you would like to participate, please contact your AFRED rep or Heather Ball at (800) 64-CLEAR, or e-mail heather.ball@rrc.state.tx.us.

Training Update

In the year ending August 31, 2006, AFRED's Training Section held 290 propane training/continuing-education classes around the state, an average of one class every working day. A total of 3,073 students attended the classes, an average of 10-11 students per class.

Training slows down during the winter months of December, January and February when marketers are busiest. A full class schedule will resume in March 2007.

Lower Price for LPG Safety Rule Books

Spiral-bound copies of the Commission's LP-Gas Safety Rules now cost \$7.00 instead of \$8.00. The books include the current text of both the LP-gas rules and the LP-gas statute (Texas Natural Resources Code, Chapter 113).

To order copies, call the Railroad Commission's publications office at (512) 463-6747.

Proposed Amendments to Training and Exam Rules

On November 14 the Commission agreed to publish for public comment several proposed changes to the examination and training-related portions of the LP-Gas Safety Rules (16 Texas Administrative Code §9). The public comment period ends January 2, 2007.

Among other things, the proposed amendments would:

- Authorize certified bobtail drivers to take AFRED's cylinder-filling course (2.1, Dispenser Operations) for continuing-education credit.
- Spell out which LP-gas activities are and are not authorized by each employee-level examination.
- Define "recreational vehicle" as that term is defined in NFPA 1192, Standard on Recreational Vehicles (1999 edition), which the Commission has adopted.
- Clarify that certified individuals must be employed by a licensee or by a license-exempt entity such as a political subdivision or a state agency.

- Exempt certified individuals from the advanced field training (AFT) requirement of a continuing education course if they have previously completed that same course, including the AFT.
- Eliminate the AFT requirement in courses that include equivalent hands-on activities during the class.

Marketers can read the complete text of the proposed amendments and submit comments online at the Railroad Commission's web site, www.rrc.state.tx.us. Click on the black "Rules" tab, select "Proposed Rules," scroll down to Chapter 9, and click on "12/01/2006."

Delivery-Fee Collections

Fiscal year 2007 collections through December 1, 2006, totaled \$376,227, which is 10 percent lower than the 15-year average collections at this time of the fiscal year. Heating degree days in Texas for the season to date are 7 percent below normal levels, indicating warmer than normal weather.

Regulatory Update

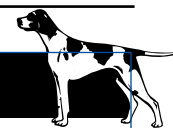
U.S. DOT Special Permits

The U.S. Department of Transportation (DOT) has granted the National Propane Gas Association two special permits.

DOT Special Permit 13341, which expires May 31, 2008, allows the transportation of an ASME container filled with LP-gas to more than 5 percent of the container's water capacity, if all provisions of the special permit are followed.

DOT Special Permit 11209 expires July 21, 2010, and applies to non-DOT specification moveable fuel-storage containers used exclusively for agricultural purposes, such as farm carts.

A copy of the special permit must be carried in the vehicle transporting an ASME container with more than 5 percent product or towing a farm cart. The marking requirements in Title 49 of the Code of Federal Regulations are waived. The specific provisions of each permit may be obtained from the following website: http://hazmat.dot.gov/sp_app/special_permits/spec_perm_index.htm



RAILROAD COMMISSION CONTACT LIST

COMMISSIONERS

Elizabeth A. Jones, Chairman	(512) 463-7140
Michael L. Williams, Commissioner	(512) 463-7144
Victor G. Carrillo, Commissioner	(512) 463-7131

AFRED

Dan Kelly, Director	(512) 463-7291
Heather Ball, Marketing/Public Education	(512) 463-7359
Eileen Latham, Rebate Coordinator	(512) 475-2911
Steve Jaeger, Research/Technical Services	(512) 463-9202
Thomas D. Petru, Training	(512) 463-6930
Carol Goodman, Training Registration	(512) 463-2682
Rayfield Hearne, Certification	(512) 463-6845
Wanda Dunning, Exam Coordinator	(512) 463-6933
All other information and AFRED staff	(512) 463-7110
Toll-free	(800) 642-5327
FAX: Training/Bolm Road	(512) 475-2532
FAX: Rebates/Marketing/Division Office	(512) 463-7292

AFRED FIELD STAFF

Susan DeCELL, East Texas	(713) 628-9915
Rudy De La Garza, South Texas	(956) 245-0715
Tracy Wells, North/East Texas	(214) 728-9908
Pat Wilson, Central Texas & Forklift Coord.	(512) 971-0108
Bobby Wood, West Texas	(325) 669-4995

GAS SERVICES

Stephen Pitner, Director	(512) 463-7938
Jackie Standard, Director, License & Permits	(512) 463-7118
Richard Gilbert, LP-Gas Regulations	(512) 463-6935
Irma Garza, Licensing Rep. A-C, Z, #'s	(512) 463-7299
Sherri Washington, Licensing Rep. D-H, V & W	(512) 936-4146
Angela Whitehead, Licensing Rep. I-N, T & U	(512) 463-7207
Linda Bailor, Licensing Rep. O-S, X & Y	(512) 463-6940
Toll-free	(866) LPG-4321

SAFETY DIVISION

Mary McDaniel, Director	(512) 463-7166
James Osterhaus, LPG Program Manager	(512) 463-6692
Dawn Richardson, Exceptions and Inspections	(512) 463-2339
FAX: LP-Gas Safety Section	(512) 463-7319

PROPANE POINTERS

Propane Pointers: Fixed Electrical Equipment and Wiring

Each month AFRED's hunting-dog mascot points to a section of LP-gas code or standard that the Safety Division's LP-gas inspectors often find violated. The "point" of these articles is to facilitate compliance by making marketers more aware of these issues.

This month's article covers a standard that RRC inspectors cited 247 times in the last two years. The standard is NFPA 58, §3.7.2.2, on fixed electrical equipment and wiring.

Fixed electrical equipment and wiring within the classified areas specified in Table 3.7.2.2 of NFPA 58 must be installed in accordance with NFPA 70, National Electrical Code (NEC). Commonly encountered violations include exposed wiring, loose connections, and use of unapproved electrical equipment. Other violations are:

- No seal fittings installed in the electric conduit within 18" of electrical switches.
- Seal fittings without sealant or filled with unapproved electrical conduit sealant.
- Electrical junction boxes or cover plates missing screws.
- Liquid-tight flex connector used in NEC, Class 1, Division 1 locations.
- Broken or corrosion damaged conduit.
- Conduit joined with set screws instead of threaded conduit.
- Missing seal fittings where electric conduit enters/exits Division 1 and 2 locations.
- Copper tubing used as electric conduit.

An improper electrical installation is hazardous and provides a possible ignition source in the event of an LP-gas leak. To ensure a safe and proper electrical installation, all electrical work should be performed by a qualified electrician.

Exception: The requirements in Table 3.7.2.2 do not apply to fixed electrical equipment at residential installations of LP-gas systems or to LP-gas systems (other than engine fuel systems) on vehicles.

FEDERAL \$0.50/GALLON MOTOR FUEL TAX-CREDIT UPDATE

CLAIMING THE CREDIT ON BULK PURCHASES AND FORKLIFTS

Most state and local governments, non-profit agencies and users of propane, including forklift operators, will be registering for the first time with the Internal Revenue Service (IRS) as alternative fuel users so they can claim the 50-cents-a-gallon propane alternative fuel excise tax credit on their bulk fuel purchases used in motor vehicles. These entities can claim the credit if they purchase propane in bulk and refuel their own vehicles. For forklift operators, "refueling" is defined as loading a full cylinder onto a forklift, regardless of who filled the cylinder.

Registering for the Credit

Each entity wishing to claim the credit must register. To register, you must file IRS Form 637. A sample form is available at www.propanetx.gov. Once approved, the IRS will issue a 637 number with "AL" at the end, indicating IRS authorization to file as an alternative fueler. If the entity already has a 637 number, the entity must still file an amended form indicating a desire to begin claiming the tax credit.

Entities can expect a response from the IRS within 20 days of filing a correctly filled out Form 637. It's a good idea to send the application via certified mail, in order to have a record of when the application was sent and when the IRS office received it. IRS staff will check on the IRS filing status of the company officers and/or owners listed on the form. They must be in compliance for the application to proceed.

Site Review

After passing the internal review, the Form 637 is forwarded to the appropriate IRS field office for an on-site

inspection. Within 15 days, an agent will contact the entity to schedule a time to review the following information, if applicable:

- W-4 (Employment Tax Reporting)
- IRS Form 2290 (Road Tax for Heavy Vehicles)
- Financial Status
- Internal Financial Controls, including applicant's past payment history for tax liabilities
- Purchases and Sales of Propane
- List of Propane Suppliers
- Presence of Bulk Storage Tank



Recommendation for Approval/Disapproval

Based on the information gathered during the on-site review, the agent will recommend Approval or Disapproval of the registration application.

637 Number Means "You're Registered"

Entities can expect the IRS to issue them a 637 number within three to four weeks after the on-site visit. The IRS can frequently expedite the process if the entity requests it.

Followup Review

Within six to twelve months after receiving a 637 number, the IRS will in all likelihood send an agent to conduct an on-site review to verify that the registered entity has made the propane purchases it reported and has used the fuel for motor fuel. The agent may cross-check with propane suppliers on sales to the entity as propane motor fuel. If there is a discrepancy, the IRS can assess penalties and pull the 637 registration, which would keep the former registrant from claiming the tax credit.

Railroad Commission of Texas - Alternative Fuels Research & Education Division
Examination Schedule December 2006 - February 2007

Walk-in exams every business day, 8 a.m.-12 noon, at 6506 Bolm Road, Austin 78721

Examinations are also available at the following times and locations:

Date	City	Facility	Address	Exam Start Time
12/05/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/06/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/07/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/14/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/14/06	Garland	RRC	1546 Rowlett Rd. Ste. 107	8:00 a.m.
12/14/06	Harlingen	TCEQ	1804 W Jefferson Ave.	8:00 a.m.
12/18/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/19/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/20/06	Austin	RRC	6506 Bolm Road	5:00 p.m.
12/21/06	Corpus Christi	RRC	10320 IH 37	8:00 a.m.
12/21/06	Houston	TxDOT	7721 Washington Ave Main Bldg Conf Rm	8:00 a.m.
01/04/07	Garland	RRC	1546 Rowlett Rd. Ste. 107	8:00 a.m.
01/08/07	Austin	RRC	6506 Bolm Road	5:00 p.m.
01/09/07	Midland	RRC	10 Desta Drive	5:00 p.m.
01/09/07	Austin	RRC	6506 Bolm Road	5:00 p.m.
01/10/07	Midland	RRC	10 Desta Drive	5:00 p.m.
01/11/07	Midland	RRC	10 Desta Drive	8:00 a.m.
01/17/07	Kilgore	RRC	619 Henderson Blvd	5:00 p.m.
01/18/07	Kilgore	RRC	619 Henderson Blvd	8:00 a.m.
01/23/07	El Paso	RRC	401 Franklin Ave Rm. 570	5:00 p.m.
01/24/07	El Paso	RRC	401 Franklin Ave Rm. 570	5:00 p.m.
01/25/07	Abilene	TxDOT	4250 N. Clack	8:00 a.m.
01/25/07	El Paso	RRC	401 Franklin Ave Rm. 570	8:00 a.m.
01/25/07	Houston	Gas Equipment Co.	11510 N. Petro Park Drive	8:00 a.m.
01/29/07	Austin	RRC	6506 Bolm Road	5:00 p.m.
02/01/07	Austin	RRC	6506 Bolm Road	5:00 p.m.
02/05/07	Austin	RRC	6506 Bolm Road	5:00 p.m.
02/08/07	Garland	RRC	1546 Rowlett Rd. Ste. 107	8:00 a.m.
02/08/07	San Angelo	RRC	622 So. Oakes, Rm. 114	8:00 a.m.
02/08/07	Waco	TxDOT	100 So. Loop Drive	8:00 a.m.
02/15/07	Amarillo	TxDOT	5715 Canyon Drive	8:00 a.m.
02/20/07	Austin	RRC	6506 Bolm Road	5:00 p.m.
02/22/07	Harlingen	TCEQ	1804 W Jefferson Ave.	8:00 a.m.

Register online for exams at www.rrc.state.tx. Click on "Training & Certification."
 No examinations will be given out after 9:00 a.m. or 5:30 p.m.

PROPANE

EXCEPTIONAL ENERGY®

Bulk Plant Marketing Program

Pictured is a 12,000 gallon tank with a 5 ft X 19 ft decal.



The Texas Propane Educational & Marketing Foundation is funding the production of Propane Exceptional Energy decals for bulk storage tanks in Texas. This project is effort to promote a positive brand image for our product and make it a household name using the nationally recognized Propane Exceptional Energy logo and is open to all Texas PERC assessment payers. The bulk storage tank provides a perfect backdrop and acts as a billboard without the hassle of monthly fees and contracts of billboard advertising. So if you have a bulk storage tank that is visible from a main road or highway, then order a Propane Exceptional Energy decal for your tank today.

Decals will be available one per registered bulk plant location on a first come, first serve basis while supplies last. All orders will incur a \$ 50 processing/shipping fee per decal. Propane retailers are responsible for applying the decals to their tanks themselves. If you have already completed a survey then please watch for an order confirmation and payment information soon.

ORDER FORM

Contact Name: _____ Company Name: _____
Phone: _____ Fax: _____ Email: _____

We will have two different size decals available for tanks and may be applied on tanks ranging in size from 12,000-30,000 gallons. Each tanks' footings are positioned differently. Please ensure measure in between your tank's footings to ensure you order the right size.

Write desired number of decals by each size:

_____ 5 X 19 ft _____ 6 X 24 ft

Please contact Jackie at (800) 325-7427 if you need assistance in determining the size of decal you need to order or have any additional questions.

Please fax order forms to **512-834-0758** and send with payments to:
TPEMF 8408 N IH 35 Austin, TX 78753

Payments must be received before you receive order.
Decals will be available at the end of January.